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**SENATE BILL 53**

**46TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2004**

**INTRODUCED BY**

**Joseph A. Fidel**

**FOR THE REVENUE STABILIZATION AND TAX POLICY COMMITTEE**

**AN ACT**

**RELATING TO MUNICIPALITIES; AMENDING THE SMALL CITIES ASSISTANCE ACT.**

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:**

**Section 1. Section 3-37A-3 NMSA 1978 (being Laws 1979, Chapter 284, Section 3, as amended) is amended to read:**

**"3-37A-3. SMALL CITIES ASSISTANCE FUND-- DISTRIBUTION. --**

**A. The "small cities assistance fund" is created within the state treasury.**

**B. On or before January 31, 2004 and on or before January 31 of each subsequent year, the local government division of the department of finance and administration shall certify to the taxation and revenue department the population of each municipality in the state.**

**C. On or before the last day of February of 2004**

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1 and of each subsequent year, the taxation and revenue  
2 department shall compute the amount to be distributed to each  
3 qualifying municipality as follows [~~provided that the maximum~~  
4 ~~amount to be distributed to a qualifying municipality shall not~~  
5 ~~exceed fifty-six thousand dollars (\$56,000)]:~~

6 (1) the department first shall compute a  
7 distribution share for each qualifying municipality. The  
8 distribution share shall be an amount equal to the product of  
9 the qualifying municipality's population multiplied by the  
10 difference between the statewide per capita average and the  
11 municipal per capita average less the local tax effort of the  
12 qualifying municipality;

13 (2) in 2004 and subsequent years, the balance  
14 in the small cities assistance fund in February immediately  
15 after the distribution to the fund pursuant to Section 7-1-6.2  
16 NMSA 1978 for the preceding January will be divided by the  
17 number of qualifying municipalities. The quotient will be  
18 rounded down to the nearest dollar and may be cited as the  
19 "target amount";

20 (3) if the target amount determined in  
21 Paragraph (2) of this subsection is less than or equal to the  
22 minimum amount, the target amount is the amount to be  
23 distributed to each qualifying municipality; and

24 (4) if the target amount exceeds the minimum  
25 amount, the amount to be distributed to all qualifying

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1 municipalities whose distribution share equals or is less than  
2 the minimum amount shall equal the minimum amount. The sum to  
3 be distributed to such municipalities shall be subtracted from  
4 the amount in the fund. The target amount then shall be  
5 increased by dividing the balance remaining in the fund by the  
6 number of remaining qualifying municipalities. The amount to  
7 be distributed to each remaining qualifying municipality shall  
8 equal the lesser of the municipality's distribution share or  
9 the increased target amount. If the distribution share of one  
10 or more of these remaining qualifying municipalities is less  
11 than the increased target amount, the balance of the fund is to  
12 be further reduced by the amount necessary to provide for a  
13 distribution to those municipalities of their distribution  
14 shares. The target amount is to be increased again by dividing  
15 the recomputed fund balance by the number of qualifying  
16 municipalities not yet provided for. Successive iterations of  
17 the process to increase the target amount shall occur until no  
18 remaining municipality's distribution share is less than the  
19 increased target amount.

20 D. The state treasurer shall distribute from the  
21 small cities assistance fund on or before March 1, 2004 and  
22 March 1 of each subsequent year to each qualifying municipality  
23 the amount certified by the taxation and revenue department for  
24 each qualifying municipality for the year.

25 [~~E. Immediately after distribution to~~

